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The Art of the Offer: Capital Investment Conference 2001

by Tim Pearson

If you're an investor with deep pockets, what does it take to get you to write a \$250,000 dollar check to fund a new start-up? If you're an entrepreneur with a dream, how you convince someone to write you checks for \$2.0 million? If you're a seasoned service provider (accountant, lawyer, HR consultant), how do you connect with the people who can use your services? In three weeks 250+ people will be asking themselves these questions at Alaska InvestNet's Capital Investment Conference scheduled for March 22 - 23 in Anchorage. The conference is billed as "Where Alaska's Talent meets Alaska's Capital."

Why is Alaska InvestNet important? Alaska InvestNet assists qualified entrepreneurs and new or growing businesses to connect with interested investors. (www.alaskainvestnet.org) As of November 2000, nationally there were more than three million accredited angels (start-up investors) who had at least \$40 billion invested in at least 50,000 start-ups according to Jeffery Sohl, director for the Center for Venture Research at the University of New Hampshire. That's 30 to 40 times the seed investments of institutional venture capitalists. It's part of the reason why the national economy has grown faster and longer than many thought possible. If Alaska is going to grow its own entrepreneurs and investors, the Capital Investment Conference is the wealth-building event at ground zero.

At last year's conference, two of us presented a workshop for Entrepreneurs entitled: "Hire Smart, Grow Smart." We asked the forty-five participants what their top questions were. Here are the top questions and the collective wisdom:

1. How do I find a world-class CEO?

A: Work hard and they'll show up. Really. They're not a-dime-a-dozen, but world-class CEO's love world-class challenges. Create an irresistible challenge and people take notice. Creating a world-class challenge takes hard work, but Alaska does have world-class executive talent. Some run organizations with \$65 million in assets. Others run organizations with \$2.1 billion in assets. Be willing to look in Alaska's own backyard. Be willing to ask for professional assistance. And above all else, I look for three critical character traits: positive attitude, integrity, and a willingness to learn continuously.

2. How do I know when to hire a pro vs. making them a partner?

A: The best answer is there is no single "right" answer. A related and frequently asked question is, "How much equity should I expect to give up in exchange for funding?" The answer to both questions: talk with a seasoned advisor who knows your industry and situation. In fact, start off by creating a Venture Advisory Panel – an informal or formal Board of Directors who will help you stay accountable to yourself and to generate great ideas and contacts. "Solitude is the death of an entrepreneur." – Ernesto Sirolli.

3. What do you do with an entrepreneur who does not know how to be a leader/President/CEO?

A: It's called founder's syndrome. And a seasoned Board can decide to train, retain, or remove an entrepreneur who is not able to grow with the dream. It's quite common and frequently fatal to the company, the investment, and the entrepreneur. Fortunately most people learn that they can't do it all in life. Those who don't, burn out. Avoid being caught in the firestorm. It's another reason to have a board of wise counselors.

2001? So how can you make the most of your time at the Capital Investment Conference

- Go with goals. Know your top three desired outcomes
- Make offers and bring requests. If you're an investor: offer what you have: business talent, wisdom, and resources. Money is great, but smart money is even better. Request introductions to great people. If you're an entrepreneur: offer your dream and your trustworthiness with other people's money. Make big requests -- ask for more than money, ask for insights. If you're a service provider: offer your skills at connecting people and request what others need.
- Use the white space. The really valuable conversations occur in the breaks. Take lots of breaks.
- Read Ripples from the Zambezi: passion, entrepreneurship and the rebirth of local economies by Ernesto Sirolli, 1999. (www.sirolli.com) Deborah Marshall, Executive Director of Alaska InvestNet put me on to this. It's an inspiring read and recounts Sirolli's experiences in doing local economic development in Australia, Africa, Iowa, Minnesota and South Dakota. It's a grassroots guide to growing Alaska's entrepreneurs and investors.
- And don't forget to join Alaska InvestNet. (www.alaskainvestnet.org/conference.html) The conference brochure is online. You can register there too. It's about our common future.

So, "thar's gold in them thar crowds." All you have to do is make the offer.

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